

**REPORT TO CONGRESS
ON THE
SMALL BUSINESS
COMPETITIVENESS
DEMONSTRATION
PROGRAM**

October 1, 1999 - September 30, 2000

U.S. Small Business Administration

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EXECUTIVE SUMMARY

This report provides results of the Small Business Competitiveness Demonstration Program (the Program) established by Title VII of Public Law 100-656, the Small Business Competitiveness Demonstration Program Act of 1988. The Program has three primary objectives:

- to demonstrate whether small businesses in certain designated industry groups with significant amounts of Federal contracting can compete successfully with larger businesses for Federal contracts on an unrestricted basis;
- to demonstrate whether the expanded use of full and open competition would adversely affect small business participation in these designated industry groups; and
- to demonstrate whether targeted goaling can expand Federal contract opportunities for small businesses in categories in which small businesses have generally been under-utilized in the past.

This report describes the results of the Program for Fiscal Year (FY) 2000 as reported by the 10 participating Federal agencies (see Chapter 1). Participating agencies must report annually to the U.S. Small Business Administration (SBA) on their goal attainment in each Designated Industry Group and Targeted Industry Category. SBA reviews the activities of the participating agencies through these annual reports.

Designated Industry Groups

The Program applies to the following Designated Industry Groups (DIG):

- Construction, which includes
 - Construction Group 15, Building Construction;
 - Construction Group 16, Heavy Construction Other Than Building Construction;
 - Construction Group 17, Special Trade Contractors;
- Refuse Systems and Related Services;
- Architectural and Engineering (A&E) Services (including Surveying and Mapping); and
- Non-Nuclear Ship Repair, reported separately by East Coast and West Coast.

Under the Program, Federal contracts may be reserved or “set-aside” for small businesses if in any DIG small businesses fail to receive 40 percent of the dollar value of contracts awarded in that DIG¹. Also, agencies must make a good faith effort to ensure that “emerging” small businesses, defined by law as those small businesses that are one-half the SBA’s small business size standard or smaller, receive no less than 15 percent of the agencies’ total contract dollars

¹ During FY 1993-98, a 35 percent small business participation goal was in effect for A&E Services.

awarded for each of the DIGs. The agencies must also report contract awards to small disadvantaged businesses; however, the Program does not specify a goal for this category.

The FY 2000 results show the participating agencies collectively achieving the 40 percent small business participation goal for all DIGs except for A&E Services and achieving the 15 percent emerging small business goal for only three of the seven DIGs categories (See Table 1-1). Declines in emerging small business participation led to three additional DIGs falling below the goal as compared to one DIG in FY 1999. As in previous years, small business and emerging small business participation in A&E Services fell below the goals by large margins. For this DIG, small business participation was 17.7 percent and emerging small business participation was 3.3 percent—approximately one-half of the small business and one-fifth of the emerging small business participation goals.

Table 1-1
FY 2000 Small Business Participation
Percentage by Designated Industry Group--All Agencies

Designated Industry Group	Small Business	Emerging Small Business
Construction Group 15	47.7	8.5
Construction Group 16	50.4	8.9
Construction Group 17	67.2	16.5
Refuse Systems	69.8	19.4
A&E Services	17.7	3.3
Non-Nuclear Ship Repair		
East Coast	60.5	20.0
West Coast	43.3	8.3

The changes in the small business and emerging small business participation rates between FY 1999 and FY 2000 reveal two trends (see Chapter 2). First, small business participation between the two fiscal years increased for most DIGs. The most significant change occurred for Refuse Systems, which increased by 10 percentage points. Conversely, the second trend shows emerging small business participation decreasing in every DIG between FY 1999 and FY 2000. The declines range between 3 to 13 percentage points.

On an agency by agency basis, changes in small business and emerging small business participation between FY 1999 and FY 2000 display no strong trend in any one direction. Most agencies report participation rates within 10 percentage points from the previous year. Three to four agencies did experience increases of more than 10 percentage points in Construction, Refuse and A&E Services. Four agencies report declines of 10 percentage points or more in emerging small business participation in two DIGs—Construction Groups 15 and 16. Only a few agencies show increases of more than 10 percentage points for emerging small business in any DIG.

A review of the participating agencies' achievement of the small business and emerging small business participation goals indicates that they met the participation goals for most DIGs,

but not all (See Table 1-2). Although each agency’s experience varied, the general success in meeting the participation goals suggests set-aside contracting is fairly uncommon outside of A&E Services.

Table 1-2
Number of Agencies Achieving Participation Goals in FY 2000

Designated Industry Group	Small Business	Emerging Small Business
Construction Group 15	10	5
Construction Group 16	9	6
Construction Group 17	10	5
Refuse Systems	6	4
A&E Services	4	2
Non-Nuclear Ship Repair		
East Coast	3	3
West Coast	2	0

Most agencies met the small business participation goal in Construction, Refuse Systems, and Non-Nuclear Ship Repair (only 3 of the 10 agencies made contract awards in Non-Nuclear Ship Repair). For two DIGs—Major Group 17 and Major Group 15—every agency that had contract awards in these DIGs achieved the small business goal. However, only four of the participating agencies met the A&E Services small business participation goal, the same number of agencies that met the goal in the previous fiscal year.

The agencies in general have more difficulty in achieving the 15 percent participation goal for emerging small businesses than in achieving the participation goals for small business. The number of agencies achieving the small business goal exceeded the number of agencies that achieved the emerging small business goal in all DIGs—a pattern observed since the program began in 1989. As a result of the overall decline in emerging small business participation, two fewer agencies report achieving the emerging small business goal in Construction Group 17, Refuse Systems, and West Coast Non-Nuclear Ship Repair than in FY 1999.

Small Disadvantaged Business Participation

Small disadvantaged business (SDB) participation appreciably exceeded the emerging small business participation and generally approached one-third to one-half of small business participation (See Table 1-3). Between FY 1999 and 2000, the agencies collectively increased SDB participation in every DIG except for a small decline in East Coast Non-Nuclear Ship Repair.

Table 1-3
FY 2000 Small Disadvantaged Business Participation
Percentage by Designated Industry Group--All Agencies

Designated Industry Group	Percentage
Construction Group 15	24.1
Construction Group 16	19.2
Construction Group 17	31.4
Refuse Systems	31.0
A&E Services	5.6
Non-Nuclear Ship Repair	
East Coast	11.5
West Coast	18.0

Targeted Industry Categories

Under the Program, each agency must target 10 industry categories to increase small business participation. Each agency selects its own Targeted Industry Categories (TIC), which comprise industry categories where Federal contracting to small business has been historically low but there exists ample small business capacity within the industry. The agencies establish a small business participation goal for each TIC.

During FY 2000, the agencies improved upon their small business participation in the TICs (see Chapter 4). The participating agencies met their small business goals in 54 out of 100 of their selected TICs—an increase of nine TICs from the previous year. In addition, the dollar volume of contract awards to small businesses increased 2.4 percentage points to 10.8 percent, up from 8.4 percent in FY 1999. Total contract dollars to small businesses in the TIC categories increased by almost \$500 million even though total contract dollars in all TICs combined declined. Four agencies accounted for almost all of the increase.

Conclusion

The agencies generally made improvements in small business participation between FY 1999 and 2000. Most agencies met the small business participation goal and recorded small to moderate increases in small business participation. Thus, the use of small business set-aside contracting will be limited mainly to the A&E Services industry.

The agencies increased small business participation in their TICs by two percentage points or more over the last three years. Greater attention by the agencies will help continue this trend into future years.

The declines in the level of emerging small business participation and the number of agencies meeting the 15 percent emerging small participation goal during FY 2000 contrast with

the gains in small business participation. These results indicate that the agencies need to closely monitor their contract awards to emerging small businesses and to take actions to encourage greater involvement by emerging small businesses in bidding on contracts, especially if they report further declines in FY 2001.

The overall decrease in A&E Services for the past two fiscal years in both small and emerging small business categories is the most serious problem in the Program. The participating agencies need to increase their efforts on this DIG to increase participation rates. For example, agencies should ensure that the requirements of their A&E Services contracts do not unnecessarily exceed the capabilities of small and emerging small businesses. Also, SBA and the Office of Federal Procurement Policy might give consideration to increasing the A&E Services emerging small business reserve threshold above the current \$50,000 level if participation continues to be low.

CHAPTER 1

INTRODUCTION

Purpose of the Small Business Competitiveness Demonstration Program

The Program was established in 1988 in response to the concern that a disproportionately large number of contracts in certain industries were being set-aside for small businesses. At the same time, opportunities for small businesses were not being made available in other unrelated industries in which small business participation rates were historically low.

The Program's three primary objectives are to demonstrate whether:

- small businesses in certain designated industry groups with significant amounts of Federal contracting can compete successfully with larger businesses for Federal contracts on an unrestricted basis;
- the expanded use of full and open competition adversely affects small business participation in these designated industry groups; and
- targeted goaling can expand Federal contract opportunities for small businesses in categories in which small businesses have generally been under-utilized in the past despite adequate numbers of small businesses in the economy.

Program Description

The Program began as a 4-year test, beginning on January 1, 1989, by Title VII of Public Law (Pub. L.) 100-656, the "Small Business Competitiveness Demonstration Program Act of 1988." The test authority of Section 15 of the Office of Federal Procurement Policy (OFPP) Act (41 U.S.C. 413) guides the Program.

The Program applies to 10 agencies: the Departments of Agriculture, Defense, Energy, Health and Human Services, Interior, Transportation, and Veterans Affairs; the Environmental Protection Agency; the General Services Administration; and the National Aeronautics and Space Administration. (The Department of the Interior was added to the nine agencies originally covered by the Program by Pub. L. 101-37, the "Business Opportunity Development Reform Act Technical Corrections Act," on June 15, 1989.)

The Program generally eliminates small business set-asides for Federal procurements with an anticipated award value of more than \$25,000 in four DIGs. The DIGs consist of the following industries:

- Construction (further broken out into Construction Group 15, Building Construction—General Contractors and Operators; Construction Group 16, Heavy Construction Other Than Building Construction—Contractors; and Construction Group 17, Special Trade Contractors);
- Refuse Systems and Related Services;
- Architectural and Engineering Services, including Surveying and Mapping Services; and
- Non-Nuclear Ship Repair.

The Program provides a significant “floor” of protection for small businesses by requiring participating agencies to conduct annual reviews based on the experience of the previous fiscal year (October 1 through September 30) and to reinstitute small business set-asides for any DIG in which a 40 percent small business participation goal was not achieved. (For A&E Services, a 35 percent small business participation goal was in effect over the FY 1993 to FY 1998 period.) In addition, set-asides would be reinstated for any individual Product and Service Code (PSC) or Standard Industrial Classification (SIC) code within any of the DIGs if the small business participation rate for that code fell below 35 percent over the previous completed fiscal year. Agencies reinstitute set-asides only to the extent necessary to attain these goals, and return to full and open competition upon attaining the goals. In practice, some sub-agencies of larger agencies were required to reinstitute set-asides for some DIGs or individual PSC or SIC codes within any of the DIGs while other sub-agencies would continue with full and open competition. Modifications to agency solicitation practices (either reinstating small business set-asides or reestablishing full and open competition) must be made as soon as practicable, but not later than 30 days after completing the annual review.

The Program also requires a 15 percent participation goal for emerging small businesses within each DIG. These are small businesses whose size is no greater than 50 percent of the SBA’s small business size standard applicable to the procurement. To assist in attaining this goal, all Federal contracts valued at \$25,000 or less must be reserved for competition among emerging small businesses. This reserve threshold amount of \$25,000, however, is subject to annual adjustment if the participating agencies fall below 15 percent in a DIG. Such an adjustment has been necessary for only one DIG, A&E Services. Effective October 15, 1991, the emerging small business reserve threshold amount increased to \$50,000 for A&E Services for all participating agencies.

Each agency, in conjunction with the SBA, must select 10 Targeted Industry Categories (TICs) for increased small business participation as measured by the percent of contract dollars. A TIC must have had historically low rates of small business participation by the agency selecting the TIC. The selected TICs have varied over time for some agencies in order to have TICs in which the agency anticipates that there will be meaningful contracting opportunities over the next year.

Reporting Requirements

Participating agencies must report to the SBA on their goal attainment in each DIG and TIC no later than January 31 of each year based on data for the preceding fiscal year. SBA reviews the activities of the participating agencies through these annual reports. Beginning in FY 1993, the participating agencies were required to report contract awards to small disadvantaged businesses (SDB), although the Program does not set a specific goal for SDB participation.

Program Amendments

The Small Business Competitiveness Demonstration Program Act of 1988 was amended by the Small Business Reauthorization Act of 1997 (Pub. L. 105-135, Section 401) to make the Program permanent. The Program had twice been extended from the original end date of December 31, 1992². Section 402 of Pub. L. 105-135 modified the frequency of monitoring attainment of small business participation goals from a quarterly basis to an annual basis, based on data from October 1 through September 30 of each year. The participating agencies were required to review their results and provide reports to the SBA by not later than January 31 of each year. OFPP and SBA published an Interim Policy Directive in the *Federal Register* on September 29, 1998, incorporating these changes to the Program (63 FR 51981) and a Final Policy Directive on June 2, 1999 (64 FR 29693). Appendix D of this report contains a copy of the final directive.

The Program had also been amended by Pub. L. 105-135 to incorporate a new industry classification system. In 1997, the North American Industry Classification System (NAICS) replaced the Standard Industrial Classification System. Effective October 1, 2000, the designated industry groups subject to the Program are identified by industries defined by NAICS. An interim rule published on July 26, 2000 lists the NAICS industries for the designated industry groups. A copy of that rule is included in Appendix E.

The interim and final policy directives made several other changes to the Program. First, the directives removed the requirement to implement a system to collect subcontracting data for A&E Services. That statutory requirement expired on September 30, 1997. Second, the directives removed the temporary 35 percent small business participation goal for A&E Services since it was contingent on the subcontracting data collection system. Third, the directives authorized prime contract awards to small businesses under the HUBZone and Empowerment Contracting Program to count toward goal attainment (HUBZone Act of 1997, Title VI the Small Business Reauthorization Act, Public Law 105-135). Furthermore, participating agencies may set-aside procurements in the DIGs under the HUBZone and Empowerment Contracting Program

² The Small Business Credit and Business Opportunity Enhancement Act of 1992 (Pub. L. 102-366) extended the Program that was originally scheduled to end on December 31, 1992, through September 30, 1996. The Program was again extended through September 30, 1997, as amended by the Omnibus Consolidation Appropriations Act (Public Law 104 – 208, Division D, Section 108).

even though the small business and emerging small business participation goals are met by an agency. Lastly, the final policy directive requires agencies to monitor the 40 percent small business goal for Non-Nuclear Ship Repair separately for east coast and west coast contract awards.

Historical Data

This report provides and discusses new information for FY 2000 on small business awards in the DIGs and TICs. This report also contains data on Federal contract awards to emerging small businesses and small disadvantaged businesses in the DIGs. For comparative purposes, the discussion of the agencies' results for FY 2000 were compared to the results reported for FY 1999. The report's discussion of the Program results simply describes the small business, emerging small business, and small disadvantaged business participation trends between FY 1999 and FY 2000 and does not attempt to analyze why those trends occurred. Appendices A, B and C to the report contain historical data on the Program.

CHAPTER 2

SMALL BUSINESS, EMERGING SMALL BUSINESS, AND SMALL DISADVANTAGED BUSINESS PARTICIPATION IN THE DESIGNATED INDUSTRY GROUPS

All Agencies

Achievement of FY 2000 Participation Goals

A review of the FY 2000 small business and emerging small business participation rates in the DIGs of the 10 participating agencies shows that they were generally successful in achieving the 40 percent participation goal for small business, and partially successful in achieving the 15 percent participation goal for emerging small business. For Construction, Refuse Systems, and Non-Nuclear Ship Repair, the small business participation rates exceeded 40 percent. The emerging small business participation rate exceeded 15 percent for three DIGs. Emerging small business participation in Construction Groups 15 and 16, A&E Services, and West Coast Non-Nuclear Ship Repair fell below 15 percent. A&E Services was the only DIG in which the agencies did not achieve participation goals in both small and emerging small business categories. Small business participation was 17.7 percent—slightly less than half of the 40 percent A&E Services small business participation goal. The emerging small business category was 3.3 percent for A&E Services—little more than one-fifth of the 15 percent emerging small business participation goal.

Small Business and Emerging Small Business FY 2000 Participation Rate Trends

Between FY 1999 and FY 2000, small business participation for the 10 agencies generally increased for most DIGs while emerging small business participation rates declined. Tables 2-1 and 2-2 show the participation rates for small business and emerging small business by DIG for FYs 1999 and 2000.

Table 2-1 shows that most changes in small business participation were relatively minor, or within seven percentage points or less between the two fiscal years. The most noteworthy change occurred in Refuse Systems, in which small business participation increased by almost 11 percentage points.

Table 2-1
Small Business Participation Percentage
by Designated Industry Group--All Agencies

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	40.4	47.7	+7.3
Construction Group 16	42.7	50.4	+7.7
Construction Group 17	66.5	67.2	+0.7
Refuse Systems	59.2	69.8	+10.6
A&E Services	22.4	17.7	-4.7
Non-Nuclear Ship Repair			
East Coast	54.5	60.5	+6.0
West Coast	49.9	43.3	-6.6

Table 2-2 shows declining emerging small business participation in every DIG category, with most declines ranging between 7 to 13 percentage points. Participation dropped over half in A&E Services, falling from 6.7 percent in FY 1999 to 3.3 percent in FY 2000.

Table 2-2
Emerging Small Business Participation Percentage
by Designated Industry Group--All Agencies

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	15.5	8.5	-7.0
Construction Group 16	17.9	8.9	-9.0
Construction Group 17	25.0	16.5	-8.5
Refuse Systems	31.5	19.4	-12.1
A&E Services	6.7	3.3	-3.4
Non-Nuclear Ship Repair			
East Coast	33.3	20.0	-13.3
West Coast	16.3	8.3	-8.0

Small Disadvantaged Business FY 2000 Participation

Table 2-3 shows SDB participation increasing in every DIG except for a small decline in East Coast Non-Nuclear Ship Repair. The largest changes occurred in Construction Group 17 (up 12 percentage points) and Refuse Systems (up 15 percentage points). SDB participation appreciably exceeded emerging small business participation in every DIG except East Coast Non-Nuclear Ship Repair and approached one-third to one-half of small business participation.

Table 2-3
Small Disadvantaged Business Participation Percentage
by Designated Industry Group--All Agencies

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	16.2	24.1	+7.9
Construction Group 16	11.4	19.2	+7.8
Construction Group 17	19.1	31.4	+12.3
Refuse Systems	16.1	31.0	+14.9
A&E Services	5.1	5.6	+0.5
Non-Nuclear Ship Repair			
East Coast	13.7	11.5	-2.2
West Coast	11.3	18.0	+6.7

Achievement of FY 2000 Goals by the Participating Agencies

Although the overall participation rates of the 10 participating agencies aggregated together provide useful information, they do not reveal the performances of individual agencies in achieving the small business and emerging small business participation goals. Tables 2-4 and 2-5 show the number of participating agencies achieving the small business and emerging small business participation goals for each DIG for FY 1999 and FY 2000.

Table 2-4 shows that most agencies did not achieve the A&E Services' 40 percent small business participation goal. For the Construction DIGs, almost all agencies met the 40 percent small business participation goal, with all participating agencies achieving the goal for Construction Groups 15 and 17. For Refuse Systems, eight agencies made contract awards for Refuse in FY 2000 as compared to nine agencies in FY 1999. In FY 2000, only three agencies made contract awards for Non-Nuclear Ship Repair and only two agencies in FY 1999. All three agencies with contract awards met the small business goal for East Coast Non-Nuclear Ship Repair. On the West Coast, two of the three agencies achieved the goal.

Table 2-4
Number of Agencies Achieving Small Business Participation Goals

<i>Period</i>	<i>Construction Group 15</i>	<i>Construction Group 16</i>	<i>Construction Group 17</i>	<i>Refuse Systems</i>	<i>A & E Services</i>	<i>Non-Nuclear Ship Repair</i>	
						<i>East</i>	<i>West</i>
FY 1999	7	9	10	7	4	2	2
FY 2000	10	9	10	6	4	3	2

Table 2-5 lists the number of agencies achieving the 15 percent emerging small business participation goal by DIG during FYs 1999 and 2000. Most agencies did not achieve the A&E Services emerging small business participation goal in either year. For the Construction DIGs, a majority of agencies achieved the goal in the last two fiscal years; however, two fewer agencies met the goal for Construction Group 17 in FY 2000. Four of the eight agencies with contracting activity in Refuse Systems met the emerging small business goal in FY 2000. As discussed above, two agencies made no Refuse contract awards last year while one agency that had met the goal in the previous fiscal year did not in FY 2000. Of the three agencies that made contract awards for Non-Nuclear Ship Repair for FY 2000, each agency met the goal for the East Coast, but none did for the West Coast.

Table 2-5
Number of Agencies Achieving Emerging Small Business Participation Goals

<i>Period</i>	<i>Construction Group 15</i>	<i>Construction Group 16</i>	<i>Construction Group 17</i>	<i>Refuse Systems</i>	<i>A & E Services</i>	<i>Non-Nuclear Ship Repair</i>	
						<i>East</i>	<i>West</i>
FY 1999	6	6	7	6	3	2	2
FY 2000	5	6	5	4	2	3	0

The remainder of this chapter summarizes the FY 2000 results for each of the 10 participating agencies. Appendix A contains contract award data on small, emerging small, and small disadvantaged businesses from FY 1989 through FY 2000.

Department of Agriculture

Achievement of FY 2000 Participation Goals

The Department of Agriculture met the small business and emerging small business participation goals for all DIGs with contracting activity in FY 2000—the only agency to do so (see Table 2-6). Agriculture reported no contracting activity for Non-Nuclear Ship Repair.

Table 2-6
FY 2000 Achievement of Participation Goals
by the Department of Agriculture

Designated Industry Group	Small Business	Emerging Small Business
Construction Group 15	Yes	Yes
Construction Group 16	Yes	Yes
Construction Group 17	Yes	Yes
Refuse Systems	Yes	Yes
A&E Services	Yes	Yes

Small Business and Emerging Small Business FY 2000 Participation

Agriculture’s small business participation rates were among the highest of the participating agencies in all of its five DIGs with contracting activity (see Table 2-7). For Construction Group 16 there was a large increase of 20 percentage points over the previous fiscal year. The total contract dollars in Construction Group 16 fell by almost half from FY 1999 to FY 2000, while the small business dollars remained essentially unchanged, resulting in a 20 percentage point increase. Despite the slight decline in small business participation in A&E, Refuse Systems, and Construction Group 15, participation rates reached 70 percent or higher.

Table 2-7
Percent Participation by Small Business
by Designated Industry Group--Agriculture

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	76.7	70.6	-6.1
Construction Group 16	75.7	95.9	+20.2
Construction Group 17	92.3	97.1	+4.8
Refuse Systems	89.7	86.4	-3.3
A&E Services	73.6	67.3	-6.3

With regards to emerging small businesses, the Department of Agriculture fared extremely well, and its participation rates were also among the highest of all of the participating agencies

(see Table 2-8). Construction Group 15 experienced the largest increase, with 18 percentage points over the previous fiscal year. This increase can be attributed to the decrease of total contract dollars while emerging small business contract dollars remained about the same. Other than Construction Group 15, the rest of the emerging small business groups did not experience major change in participation rates.

Table 2-8
Percent Participation by Emerging Small Business
by Designated Industry Group--Agriculture

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	27.8	45.5	+17.7
Construction Group 16	45.6	53.9	+8.3
Construction Group 17	70.9	66.3	-4.6
Refuse Systems	38.3	44.4	+6.1
A&E Services	27.6	17.9	-9.7

Small Disadvantaged Business FY 2000 Participation

Agriculture's SDB results generally showed minor changes from FY 1999 levels for most DIGs (see Table 2-9). Agriculture's SDB participation tended to be below the SDB participation rates of the other participating agencies. A&E Services was the only DIG with a significant change in SDB participation, with participation increasing more than 15 percentage points.

Table 2-9
Percent Participation by Small Disadvantaged Business
by Designated Industry Group--Agriculture

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	16.8	24.2	+7.4
Construction Group 16	13.3	9.5	-3.8
Construction Group 17	18.5	19.8	+1.3
Refuse Systems	1.6	0.9	-0.7
A&E Services	0.9	16.5	+15.6

Department of Defense

Achievement of FY 2000 Participation Goals

The Department of Defense (DoD) had mixed success in achieving the Program’s small business and emerging small business participation goals (see Table 2-10). The DoD did very well with regard to small business participation by achieving the goal for all DIGs except for A&E Services and West Coast Non-Nuclear Ship Repair. However, DoD attained its emerging small business goals only in two DIGs—Refuse Systems and East Coast Non-Nuclear Ship Repair.

Table 2-10
FY 2000 Achievement of Participation Goals
by the Department of Defense

Designated Industry Group	Small Business	Emerging Small Business
Construction Group 15	Yes	No
Construction Group 16	Yes	No
Construction Group 17	Yes	No
Refuse Systems	Yes	Yes
A&E Services	No	No
Non-Nuclear Ship Repair		
East Coast	Yes	Yes
West Coast	No	No

Small Business and Emerging Small Business FY 2000 Participation

DoD increased its overall contract award dollars to small business in FY 2000 resulting in higher small business participation for most DIGs (see Table 2-11). Small business participation increased for the Construction and Refuse DIGs, while A&E Services declined very slightly. Non-Nuclear Ship Repair small business participation increased on the east coast and declined on the west coast. The most significant change occurred in Refuse Systems, where participation rose by almost 13 percentage points, and in Construction Group 16 where small business participation increased by more than 11 percentage points.

Table 2-11
Percent Participation by Small Business
By Designated Industry Group--DoD

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	39.2	45.0	+5.8
Construction Group 16	36.3	47.6	+11.3
Construction Group 17	59.0	64.0	+5.0
Refuse Systems	60.1	72.7	+12.6
A&E Services	16.4	14.5	-1.9
Non-Nuclear Ship Repair			
East Coast	50.1	57.9	+7.8
West Coast	47.3	32.4	-14.9

The emerging small business participation declined in all areas (see Table 2-12). The most substantial decreases occurred in Construction Group 17, Refuse Systems, and East Coast Non-Nuclear Ship Repair, which ranged between 12 to 18 percentage points.

Table 2-12
Percent Participation by Emerging Small Business
By Designated Industry Group--DoD

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	15.3	6.7	-8.6
Construction Group 16	13.8	6.6	-7.2
Construction Group 17	32.5	14.3	-18.2
Refuse Systems	32.2	19.9	-12.3
A&E Services	5.5	1.6	-3.9
Non-Nuclear Ship Repair			
East Coast	32.5	16.5	-16.0
West Coast	15.0	9.6	-5.4

Small Disadvantaged Business FY 2000 Participation

SDB participation rates in FY 2000 increased from the FY 1999 levels for all DIGs, with the exception of East Coast Non-Nuclear Ship Repair (see Table 2-13). These increases brought DoD's SDB participation rates in-line with those of other agencies. The most significant change occurred in Refuse Systems, with an increase of almost 15 percentage points.

Table 2-13
Percent Participation by Small Disadvantaged Business
By Designated Industry Group-DoD

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	15.8	21.0	+5.2
Construction Group 16	9.9	19.0	+9.1
Construction Group 17	20.2	31.3	+11.1
Refuse Systems	14.8	29.4	+14.6
A&E Services	3.9	4.8	+0.9
Non-Nuclear Ship Repair			
East Coast	13.4	11.7	-1.7
West Coast	8.1	6.6	+1.5

Department of Energy

Achievement of FY 2000 Participation Goals

The Department of Energy achieved most of its participation goals, including meeting its small business goal in A&E Services (see Table 2-14). Energy had no contracting activity in Refuse Systems and Non-Nuclear Ship Repair.

Table 2-14
FY 2000 Achievement of Participation Goals
By the Department of Energy

Designated Industry Group	Small Business	Emerging Small Business
Construction Group 15	Yes	Yes
Construction Group 16	Yes	Yes
Construction Group 17	Yes	No
Refuse Systems	--	--
A&E Services	Yes	No

Small Business and Emerging Small Business FY 2000 Participation

Energy reported very high small business participation rates (see Table 2-15). All contract awards for Construction Group 15 went to small business for the second consecutive year, while A&E Services increased by more than 49 percentage points. Construction Group 17 small business participation fell by almost 28 percentage points. Although the participation rate declined in this Construction Group 17, small businesses received more than double the amount of contract dollars in FY 2000 than in the previous fiscal year as Energy tripled its contracting in this industry.

Table 2-15
Percent Participation by Small Business
By Designated Industry Group--Energy

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	100.0	100.0	0.0
Construction Group 16	95.3	95.5	+0.2
Construction Group 17	91.9	64.4	-27.5
Refuse Systems	100.0	--	--
A&E Services	1.6	50.9	+49.3

Emerging small business participation fell sharply from FY 1999 to FY 2000 for most DIGs (see Table 2-16). The most significant losses occurred in Construction Groups 15 and Construction Group 17, falling by 80 and 75 percentage points, respectively. Construction Group 16 fell by more than 45 percentage points. The only increase occurred in A&E services with an almost 10 percentage point increase. The volatility of the participation rates can be attributed to Energy's low amount of contracting activity, which can cause large fluctuations in the participation percentages with only a few contract awards.

Table 2-16
Percent Participation by Emerging Small Business
By Designated Industry Group--Energy

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	98.9	18.9	-80.0
Construction Group 16	66.5	21.2	-45.3
Construction Group 17	89.2	14.7	-74.5
Refuse Systems	100.0	--	--
A&E Services	0.0	9.8	+9.8

Small Disadvantaged FY 2000 Participation

Energy experienced a loss in SDB participation in every DIG with the exception of A&E Services, in which it had made no awards to SDBs for the second consecutive year (see table 2-17). Construction Group 17 experienced the largest decline, falling 21 percentage points from FY 1999 to FY 2000.

Table 2-17
Percent Participation by Small Disadvantaged Business by
Designated Industry Group--Energy

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	12.5	10.0	-2.5
Construction Group 16	8.2	0.0	-8.2
Construction Group 17	46.9	25.9	-21.0
Refuse Systems	100.0	--	--
A&E Services	0.0	0.0	0.0

Environmental Protection Agency

Achievement of FY 2000 Participation Goals

The Environmental Protection Agency (EPA) achieved its small business participation goals in three of the four DIGs with contracting activity (see Table 2-18). However, it did not achieve the emerging small business participation goal in any DIG. EPA reported no contracting activity for Refuse Systems and Non-Nuclear Ship Repair. EPA's amount of contracting dollars in the DIG categories were generally the smallest of any of the participating agencies.

Table 2-18
FY 2000 Achievement of Participation Goals by EPA

Designated Industry Group	Small Business	Emerging Small Business
Construction Group 15	Yes	No
Construction Group 16	Yes	No
Refuse Systems	--	--
Construction Group 17	Yes	No
A&E Services	No	No

Small Business and Emerging Small Business FY 2000 Participation

EPA's small business participation rates recorded relatively large changes from FY 1999 to FY 2000. Construction Groups 15 and 17 increased by more than 10 and 28 percentage points, respectively. EPA again achieved 100 percent small business participation in Construction Group 16.

Table 2-19
Percent Participation by Small Business
By Designated Industry Group--EPA

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	86.9	97.4	+10.5
Construction Group 16	100.0	100.0	0.0
Construction Group 17	69.9	98.2	+28.3
Refuse Systems	--	--	--
A&E Services	100.0	4.1	-95.9

The emerging small business category obtained no contract awards in FY 2000 (see Table 2-20). A similar pattern was observed in for almost every DIG since FY 1993.

Table 2-20
Percent Participation by Emerging Small Business
By Designated Industry Group-EPA

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	0.0	0.0	0.0
Construction Group 16	0.0	0.0	0.0
Construction Group 17	0.0	0.0	0.0
Refuse Systems	--	--	--
A&E Services	0.0	0.0	0.0

Small Disadvantaged Business FY 2000 Participation

EPA increased its SDB participation in Construction Groups 16 and 17, while it experienced a decline in Construction Group 15 (see Table 2-21). The most significant increase occurred in Construction Group 16, with a rise of more than 71 percentage points. For A&E Services, it continued to report an extremely low SDB participation rate of approximately two percent.

Table 2-21
Percent Participation by Small Disadvantaged Business
By Designated Industry Group--EPA

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	38.5	10.3	-28.2
Construction Group 16	28.6	100.0	+71.4
Construction Group 17	27.0	49.0	+22.0
Refuse Systems	--	--	--
A&E Services	1.5	2.5	+1.0

General Services Administration

Achievement of FY 2000 Participation Goals

The General Services Administration (GSA) successfully achieved its small business and emerging small business participation goals for most DIGs (see Table 2-22). Construction Groups 16 and 17 and Refuse Systems met the goal for both the small business and emerging small business groups. Construction Group 15 fared well in the small business category, meeting its participation goal in FY 2000 that it did not achieve in FY 1999, but it still was unable to meet its emerging small business goal in this DIG. The GSA generally did better in achieving goals when compared with most of the other agencies.

Table 2-22
FY 2000 Achievement of Participation Goals by GSA

Designated Industry Group	Small Business	Emerging Small Business
Construction Group 15	Yes	No
Construction Group 16	Yes	Yes
Construction Group 17	Yes	Yes
Refuse Systems	Yes	Yes
A&E Services	No	No

Small Business and Emerging Small Business FY 2000 Participation

GSA increased its small business participation in four of five DIGs (see Table 2-23). One category, Construction Group 15, experienced a significant change with a 20 percentage point increase. A&E Services was the only DIG to undergo a decline, falling more than nine percentage points. Overall, GSA did well in the area of small business by improving on its already strong participation record.

Table 2-23
***Percent Participation by Small Business
By Designated Industry Group—GSA***

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	25.3	45.7	+20.4
Construction Group 16	92.3	96.4	+4.1
Construction Group 17	65.8	73.1	+7.3
Refuse Systems	88.7	90.0	+1.3
A&E Services	30.5	21.3	-9.2

Emerging small business participation fell in every DIG, except A&E Services, which increased more than 10 percentage points (see Table 2-24). The only other significant change in emerging small business participation occurred in Construction Group 17, which declined about 10 percentage points.

Table 2-24
Percent Participation by Emerging Small Business
By Designated Industry Group--GSA

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	10.1	9.4	-.7
Construction Group 16	27.0	21.4	-5.6
Construction Group 17	24.8	15.1	-9.7
Refuse Systems	86.7	82.9	-3.8
A&E Services	10.9	21.3	+10.4

Small Disadvantaged Business FY 2000 Participation

GSA showed mixed results in SDB participation (see Table 2-25). Three of the five DIGs experienced significant change, while two remained relatively constant, only differing by a single percentage point. Construction Group 15 increased by just over 19 percentage points, while Construction Groups 16 and 17, decreased 24 and 11 percentage points, respectively. These wide swings in participation is partly attributed to the small amount of contract actions awarded SDBs. Only a few contract awards in an Agency's DIG can cause a large change in participation from year to year.

Table 2-25
Percent Participation by Small Disadvantaged Business
By Designated Industry Group--GSA

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	7.4	26.5	+19.1
Construction Group 16	44.2	20.1	-24.1
Construction Group 17	23.5	12.3	-11.2
Refuse Systems	81.5	82.6	+1.1
A&E Services	3.2	2.2	-1.0

Department of Health and Human Services

Achievement of FY 2000 Participation Goals

The Department of Health and Human Services (HHS) experienced mixed results in meeting its goals (see table 2-26). It met the small business participation goal in all DIGs except for A&E Services. Conversely, it did not meet any emerging small business participation goals. HHS reported no contracting activity for Non-Nuclear Ship Repair.

Table 2-26
FY 2000 Achievement of Participation Goals by HHS

Designated Industry Group	Small Business	Emerging Small Business
Construction Group 15	Yes	No
Construction Group 16	Yes	No
Construction Group 17	Yes	No
Refuse Systems	Yes	No
A&E Services	No	No

Small Business and Emerging Small Business FY 2000 Participation

HHS' small business participation experienced significant changes in four of five of the DIG (see table 2-27). The greatest change occurred for A&E Services, which fell by 49 percentage points. Construction Groups 15 and 16 and Refuse Systems experienced large increases of around 20 percentage points.

Table 2-27
Percent Participation by Small Business
By Designated Industry Group--HHS

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	39.6	58.6	+19.0
Construction Group 16	66.6	90.6	+24.0
Construction Group 17	56.8	61.6	+4.8
Refuse Systems	76.4	97.5	+21.1
A&E Services	87.3	38.3	-49.0

Emerging small business participation displayed less dramatic changes, but had declines in most DIGs (see Table 2-28). The most significant change occurred in A&E Services which decreased by just over 46 percentage points as a result of no FY 2000 contract awards to

emerging small businesses. HHS reported no Refuse contract awards to emerging small businesses for the second consecutive year.

Table 2-28
Percent Participation by Emerging Small Business
By Designated Industry Group-HHS

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	5.1	6.3	+1.2
Construction Group 16	11.3	0.4	-10.9
Construction Group 17	7.0	2.1	-4.9
Refuse Systems	0.0	0.0	0.0
A&E Services	46.1	0.0	-46.1

Small Disadvantaged Business FY 2000 Participation

SDB participation showed very large changes (see table 2-29). The largest change occurred in the Refuse Systems which rose just over 68 percentage points. Each Construction Group rose by more than 30 percentage points while A&E Services fell by more than 30 percentage points.

Table 2-29
Percent Participation by Small Disadvantaged Business
By Designated Industry Group-HHS

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	18.2	50.0	+31.8
Construction Group 16	40.2	63.4	+23.2
Construction Group 17	7.0	42.7	+35.7
Refuse Systems	29.3	97.5	+68.2
A&E Services	69.4	38.3	-31.1

Department of Interior

Achievement of FY 2000 Participation Goals

The Department of the Interior achieved most of its small business and emerging small business goals, with the exception of A&E Services (see Table 2-30). Interior made only four contract awards for Non-Nuclear Ship Repair. All of these contracts went to small or emerging small businesses.

Table 2-30
FY 2000 Achievement of Participation Goals by Interior

Designated Industry Group	Small Business	Emerging Small Business
Construction Group 15	Yes	Yes
Construction Group 16	Yes	Yes
Construction Group 17	Yes	Yes
Refuse Systems	Yes	No
A&E Services	No	No
Non-Nuclear Ship Repair		
East Coast	Yes	Yes
West Coast	Yes	No

Small Business and Emerging Small Business FY 2000 Participation

Interior reported increases in small business participation for all but one DIG (see Table 2-31). The most significant changes occurred in Refuse Systems and A&E Services, which increased by 27 percentage points and almost 20 percentage points, respectively. Construction Group 17 was the only industry with a decline, however the small business participation rate exceeded 80 percent. All of Interior's Non-Nuclear Ship Repair contracts went to small businesses.

Table 2-31
Percent Participation by Small Business
By Designated Industry Group--Interior

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	76.3	84.0	+7.7
Construction Group 16	69.7	76.5	+6.8
Construction Group 17	91.2	81.3	-9.9
Refuse Systems	38.5	65.5	+27.0
A&E Services	16.5	36.0	+19.5
Non-Nuclear Ship Repair			
East Coast	--	100	--
West Coast	--	100	--

Emerging small business participation showed mixed results (see Table 2-32). The most significant change occurred in Construction Group 15, which fell by more than 29 percentage points. Refuse Systems also declined by 10 percentage points. Construction Group 17 and A&E Services remained essentially unchanged. Of the four Non-Nuclear Ship Repair awards, three went to emerging small businesses on the east coast. Interior made only one Non-Nuclear Ship Repair award on the west coast, and that went to a small disadvantaged business.

Table 2-32
Percent Participation by Emerging Small Business
By Designated Industry Group--Interior

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	48.2	19.0	-29.2
Construction Group 16	35.4	29.2	-6.2
Construction Group 17	61.2	61.3	+0.1
Refuse Systems	21.1	10.7	-10.4
A&E Services	8.1	8.8	+0.7
Non-Nuclear Ship Repair			
East Coast	--	100	--
West Coast	--	0	--

Small Disadvantaged Business FY 2000 Participation

SDBs made several large gains in participation rates (see Table 2-33). Refuse Systems made the largest single increase of almost 40 percentage points, while Construction Group 15

increased by almost 30 percentage points. An SDB obtained the only west coast Non-Nuclear Ship Repair contract issued by Interior. The only DIG to decline was Construction Group 17, which fell about seven percentage points.

Table 2-33
Percent Participation by Small Disadvantaged Business
By Designated Industry Group--Interior

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	12.8	42.6	+29.8
Construction Group 16	17.7	24.1	+6.4
Construction Group 17	24.9	17.5	-7.4
Refuse Systems	9.3	48.9	+39.6
A&E Services	2.6	10.2	+7.6
Non-Nuclear Ship Repair			
East Coast	--	0	--
West Coast	--	100	--

National Aeronautics and Space Administration

Achievement of FY 2000 Participation Goals

NASA made several improvements in meeting its small and emerging small business goals (see Table 2-34). By meeting the small business goal for A&E Services that it had not met the previous fiscal year, it succeeded in fulfilling all of its small business participation goals. It also met two emerging small business goals this year as compared to none in the previous fiscal year.

Table 2-34
FY 2000 Achievement of Participation Goals by NASA

Designated Industry Group	Small Business	Emerging Small Business
Construction Group 15	Yes	No
Construction Group 16	Yes	Yes
Construction Group 17	Yes	No
Refuse Systems	Yes	Yes
A&E Services	Yes	No

Small Business and Emerging Small Business FY 2000 Participation

Changes in NASA's small business participation rates varied by DIG (see Table 2-35). Construction Group 17 and A&E Services rose about 20 percentage points and Refuse Systems declined about 10 percentage points. The remaining two DIGs recorded small declines.

Table 2-35
***Percent Participation by Small Business
By Designated Industry Group-NASA***

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	66.8	66.2	-0.6
Construction Group 16	92.3	84.9	-7.4
Construction Group 17	49.2	72.4	+23.2
Refuse Systems	58.6	48.4	-10.2
A&E Services	28.5	48.4	+19.9

NASA's emerging small business participation rates also varied by DIG (see Table 2-36). Significant gains occurred in two of the five DIGs (see Table 2-36). Refuse Systems increased by almost 50 percentage points and Construction Group 16 rose by more than 15 percentage points. The remaining DIG recorded small changes to their previous participation rates.

Table 2-36
Percent Participation by Emerging Small Business
By Designated Industry Group--NASA

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	11.7	8.2	-3.5
Construction Group 16	1.6	16.9	+15.3
Construction Group 17	3.3	11.0	+7.7
Refuse Systems	11.4	60.9	+49.5
A&E Services	10.5	9.0	-1.5

Small Disadvantaged Business FY 2000 Participation

NASA reported significant changes in SDB participation from FY 1999 to FY 2000 in four DIGs (see Table 2-37). The largest change occurred in Construction Group 16, up 37 percentage points—bringing NASA’s SDB participation to the highest level of any agency in this DIG at 49 percent. Construction Group 15 decreased and Construction Group 17 increased by little more than 10 percentage points. Refuse Systems experienced a decline of more than 18 percentage points.

Table 2-37
Percent Participation by Small Disadvantaged Business
By Designated Industry Group--NASA

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	43.8	33.3	-10.5
Construction Group 16	12.6	49.6	+37.0
Construction Group 17	17.5	29.3	+11.8
Refuse Systems	58.6	40.4	-18.2
A&E Services	11.4	14.4	+3.0

Department of Transportation

Achievement of FY 2000 Participation Goals

The Department of Transportation had mixed success in achieving the small business and emerging small business participation goals (see Table 2-38). It met the small business and emerging small business participation goals in Construction Groups 15 and 17 and in East Coast Non-Nuclear Ship Repair. For West Coast Non-Nuclear Ship Repair, it met the small business goal but not the emerging small business goal. It did not meet either Program participation goal in Refuse Systems, A&E Services or Construction Group 16.

Table 2-38
FY 2000 Achievement of Participation Goals by Transportation

Designated Industry Group	Small Business	Emerging Small Business
Construction Group 15	Yes	Yes
Construction Group 16	No	No
Construction Group 17	Yes	Yes
Refuse Systems	No	No
A&E Services	No	No
Non-Nuclear Ship Repair		
East Coast	Yes	Yes
West Coast	Yes	No

Small Business and Emerging Small Business FY 2000 Participation

Transportation's small business participation rates declined for almost every DIG (see Table 2-39). The only significant decline, however, occurred in the Refuse Systems, where it fell from 26.1 percent to zero percent due to a lack of contracts awarded to small business. West Coast Non-Nuclear Ship Repair represented the only increase in small business participation, experiencing an increase of more than 20 percentage points.

Table 2-39
Percent Participation by Small Business
By Designated Industry Group--Transportation

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	81.5	72.1	-9.4
Construction Group 16	44.6	39.4	-5.2
Construction Group 17	87.6	79.5	-8.1
Refuse Systems	26.1	0.0	-26.1
A&E Services	25.4	22.0	-2.4
Non-Nuclear Ship Repair			
East Coast	97.4	91.2	-6.2
West Coast	71.2	93.8	+21.6

Similar to Transportation's small business performance, emerging small business showed an across-the-board decline (see Table 2-40). Declines of 10 to 20 percentage points occurred in Construction Groups 15 and 16 and in West Coast Non-Nuclear Ship Repair. For the second consecutive year, Transportation reported no Refuse contract awards to emerging small businesses.

Table 2-40
Percent Participation by Emerging Small Business
By Designated Industry Group--Transportation

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	46.6	33.7	-12.9
Construction Group 16	25.6	8.2	-17.4
Construction Group 17	46.0	44.9	-1.1
Refuse Systems	0.0	0.0	--
A&E Services	7.2	2.9	-4.3
Non-Nuclear Ship Repair			
East Coast	41.5	38.1	-3.4
West Coast	26.8	6.4	-20.4

Small Disadvantaged FY 2000 Participation

The SDB participation was similar to the previous fiscal year in almost every DIG (see Table 2-41). Participation rates in most DIGs declined by fewer than five percentage points. The only significant change occurred in West Coast Non-Nuclear Ship Repair, which decreased 20 percentage points between FY 1999 and FY 2000.

Table 2-41
Percent Participation by Small Disadvantaged Business
By Designated Industry Group--Transportation

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	36.0	32.7	-3.3
Construction Group 16	13.3	11.6	-1.7
Construction Group 17	29.1	24.8	-4.3
Refuse Systems	3.5	0.0	-3.5
A&E	7.4	8.6	+1.2
Non-Nuclear Ship Repair			
East Coast	16.8	16.4	-0.4
West Coast	5.6	37.9	+32.5

Department of Veterans Affairs

Achievement of FY 2000 Participation Goals

The Department of Veterans Affairs (DVA) met its goals in all but one DIG (see Table 2-42). DVA's small business and emerging small business participation in Refuse Systems moved from just above the goals in FY 1999 to just under them in FY 2000.

Table 2-42
FY 2000 Achievement of Participation Goals
By the Department of Veterans Affairs

Designated Industry Group	Small Business	Emerging Small Business
Construction Group 15	Yes	Yes
Construction Group 16	Yes	Yes
Construction Group 17	Yes	Yes
Refuse Systems	No	No
A&E Services	Yes	Yes

Small Business and Emerging Small Business FY 2000 Participation

DVA's small business participation rates remained relatively high as compared to all other agencies and generally improved from the FY 1999 levels (See Table 2-43). Three DIGs showed significant changes in small business participation. Construction Group 16 grew by 34 percentage points, Construction Group 17 rose by over 10 points, and A&E services increased by almost 22 points.

Table 2-43
Percent Participation by Small Business
By Designated Industry Group--DVA

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	66.5	66.6	+0.1
Construction Group 16	56.2	90.2	+34.0
Construction Group 17	77.8	88.4	+10.6
Refuse Systems	41.4	39.5	-1.9
A&E Services	52.7	74.4	+21.7

The emerging small business participation was similar to the previous fiscal year for most DIGs (see Table 2-44). The largest changes occurred in Construction Group 17, which increased

12 percentage points and Refuse Systems, which decreased 10 percentage points. Most of the other DIGs showed small declines ranging between three to six percentage points.

Table 2-44
Percent Participation by Emerging Small Business
By Designated Industry Group--DVA

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	24.5	21.3	-3.2
Construction Group 16	28.0	22.0	-6.0
Construction Group 17	19.1	31.0	+11.9
Refuse Systems	15.8	5.5	-10.3
A&E Services	24.0	20.3	-3.7

Small Disadvantaged FY 2000 Participation

SDB participation by the DVA experienced increases for all DIG categories (see Table 2-45). Four out of five of the groups were significantly larger than the previous year. The largest increase occurred in Construction Group 17, which increased by almost 35 percentage points. The DVA's performance with regard to SDB participation is among the highest of all participating agencies.

Table 2-45
Percent Participation by Small Disadvantaged Business
By Designated Industry Group--DVA

Designated Industry Group	FY 1999	FY 2000	Percentage Point Change
Construction Group 15	29.4	46.3	+16.9
Construction Group 16	31.1	43.7	+12.6
Construction Group 17	22.0	56.9	+34.9
Refuse Systems	3.3	4.1	+0.8
A&E Services	20.6	35.5	+14.9

CHAPTER 3

NUMBER OF SMALL BUSINESS AND EMERGING SMALL BUSINESS CONTRACT ACTIONS IN THE DESIGNATED INDUSTRY GROUPS

This chapter examines small business and emerging small business participation by the number of Federal contracting opportunities in each DIG. During FY 2000, the total number of contract actions increased in every DIG from the previous fiscal year (see Table 3-1). These increases ranged from small to moderate, with the largest increases occurring in Construction Group 15 and A&E Services. Overall, small businesses experienced some modest gains in the share of contract actions while emerging small business experienced declines in the share of contract actions.

*Table 3-1
Total Number of FY 2000 Awards by Designated Industry Group
(Number of Actions in Thousands)*

Fiscal Year	Construction Group 15	Construction Group 16	Construction Group 17	Refuse Systems	A&E Services	Non-Nuclear Ship Repair
1999	27.3	10.3	21.9	1.7	12.0	6.7
2000	36.5	12.2	22.7	1.9	18.8	7.7

Small businesses obtained a larger number of contact actions and a small increase of one to three percentage points in the share of total actions in all but one DIG (see Table 3-2). The share of small business actions declined four percentage points in Construction Group 15, but the number of contract actions increased by 3,500. A&E Services also experienced a significant increase of 2,600 contract actions.

*Table 3-2
Number and Percentage of FY 2000 Small Business
Awards by Designated Industry Group
(Number of Actions in Thousands)*

Fiscal Year	Construction Group 15	Construction Group 16	Construction Group 17	Refuse Systems	A&E Services	Non-Nuclear Ship Repair
1999	15.3(56%)	7.0(68%)	15.4(70%)	1.0(56%)	4.2(35%)	4.3(64%)
2000	18.8(52%)	8.6(71%)	16.5(73%)	1.1(59%)	6.8(36%)	5.0(65%)

Emerging small businesses experienced an overall decline in the number and share of contract actions in most DIGs (see Table 3-3). Construction and Refuse had the largest declines, with the share of contract actions declining between 8 and 15 percentage points from the previous

year. The declines in the Construction DIGs follow the emerging small business trend observed for many years. Since 1990, the share of total contract actions to emerging small business has significantly fallen for all Construction DIGs. The share declined 48 percentage points for Construction Group 15, 30 percentage points for Construction Group 16, and 36 percentage points for Construction Group 17. The number of emerging small business contract actions for A&E Services and Non-Nuclear Ship Repair remained about the same as last year but the share of contract actions fell five and six percentage points, respectively.

Table 3-3
Number and Percentage of FY 2000 Emerging Small
Business Awards by Designated Industry Group
(Number of Actions in Thousands)

Fiscal Year	Construction Group 15	Construction Group 16	Construction Group 17	Refuse Systems	A&E Services	Non-Nuclear Ship-Repair
1999	7.2 (26%)	3.0 (29%)	9.2 (42%)	0.6 (33%)	1.5 (13%)	2.6 (39%)
2000	5.4 (15%)	2.5 (21%)	6.2 (27%)	0.4 (20%)	1.6 (8%)	2.6 (33%)

Appendix B contains data on contract actions awarded to small business and emerging small business by each participating agency and by all agencies combined.

CHAPTER 4

SMALL BUSINESS PARTICIPATION IN THE TARGETED INDUSTRY CATEGORIES

Introduction

One of the primary objectives of the Small Business Competitiveness Demonstration Program is to measure whether the use of targeted goaling will expand small business participation in activities in which Federal contracting opportunities have historically been low for small business. Each participating agency must establish 10 Targeted Industry Categories (TIC) for increased participation by small businesses. The agencies select industries based on three statutory criteria:

- Categories must be recipients of substantial purchases by the Federal Government;
- Categories must have a small business participation rate of less than 10 percent; and
- Categories must have significant amounts of small business production capacity not previously utilized by the Government.

A number of agencies found it difficult to identify TICs that satisfy all three criteria. All agencies were eventually able to identify targeted areas with a potential to increase small business shares. It is doubtful, however, that they met the statutory criteria in every case. Five of the agencies (GSA, Transportation, Agriculture, Energy and EPA) have added or replaced some of the original TICs since the Program first originated in 1989. Goals were not generally provided with the new TICs. In accessing goal achievement for the new TICs, this report has used the lowest goal associated with the replaced TICs. In some cases, the TICs were selected based on Product and Service Codes (PSC) and at other times on Standard Industrial Classification (SIC) codes. Some agencies used a combination of the two. Agencies establish TIC goals on an annual basis. Since FY 1993, agencies report TIC results on a fiscal year basis. Before 1993, however, the TIC data were reported on a calendar year basis. Appendix C of this report shows the participating agencies' TICs and the awards made during calendar year 1992 and fiscal years 1993 through 2000.

This chapter discusses the FY 2000 TIC results. The discussion begins by summarizing the performance of all participating agencies combined, including a discussion of the total number of TIC goals met and the total amount of contracting to small businesses in the TICs.

Overview of TIC Awards—All Agencies

The participating agencies made several impressive improvements in achieving their goals. They met their goals in 54 of the 100 TICs, an increase of 9 from the previous year (see Table 4-1). The agencies did not meet their goals for 24 TICs, 9 fewer than in FY 1999. No awards were made in 22 TICs—the same number as last year.

Table 4-1
Number of TIC Goals Achieved by Agency

Agency	Fiscal Year	Goals Achieved	Goals Not Achieved	TICs With No Contracting Activity
Agriculture	1999	3	2	5
	2000	3	0	7
Defense	1999	3	7	0
	2000	6	4	0
Energy	1999	2	0	8
	2000	1	0	9
Environmental Protection Agency	1999	4	5	1
	2000	5	4	1
General Services Administration	1999	7	0	3
	2000	8	0	2
Health and Human Services	1999	8	1	1
	2000	10	0	0
Interior	1999	5	4	1
	2000	8	2	0
NASA	1999	7	3	0
	2000	8	2	0
Transportation	1999	4	4	2
	2000	2	5	3
Veterans Affairs	1999	2	7	1
	2000	3	7	0
Total All TICs	1999	45	33	22
	2000	54	24	22

The participating agencies increased the share of TIC contract award dollars to small business to 10.8 percent in FY 2000, up from the 8.4 percent share in FY 1999 (see Table 4-2). The agencies increased their small business awards by almost \$500 million even though the amount of total contract dollars awarded in all TICs decreased by more than \$390 million. Two agencies accounted for almost all of the increases in small business contracting—GSA, and HHS.

Table 4-2
Contract Dollars
in the Targeted Industry Categories

Fiscal Year	Total	Small Business	Percent to Small Business
1999	\$21,490,526,768	\$1,807,956,376	8.4
2000	\$21,099,679,246	\$2,288,103,476	10.8

The relative importance of DoD’s contracting activities in the TIC categories can strongly influence the overall percentages for all agencies combined. In recent years, DoD has accounted for 70 percent or more of all TIC awards. The two tables below separately tabulate DoD TIC awards from the civilian agencies’ awards for comparative purposes.

Table 4-3 shows the civilian agencies achieving a small business participation rate above 20 percent for the second year in a row. Although for FY 2000 there is a slight decline from the previous year, the dollar amount of small business contracts increased by almost \$600 million as overall TIC contracting increased by more than \$3 billion. GSA and HHS reported the largest increases of more than \$350 million and \$150 million, respectively. NASA and EPA also recorded substantial increases of approximately \$45 million and \$20 million, respectively.

Table 4-3
Contract Dollars in the Targeted
Industry Categories Reported by the Civilian Agencies

Fiscal Year	Total	Small Business	Percent to Small Business
1999	\$3,934,121,768	\$936,112,376	23.8
2000	\$7,114,831,246	\$1,519,285,476	21.4

Table 4-4 shows that DoD’s TIC contracting experienced the opposite outcome of the civilian agencies. DoD increased the percentage of TIC contract dollars to small businesses in FY 2000 to 5.5 percent from 5.0 percent in FY 1999. However, total DoD contracting in the TIC categories decreased by \$3.5 billion and small business contracting decreased by \$100 million. Overall, small business participation increased since the small business dollars declined proportionally less than total TIC dollars.

Table 4-4
Contract Dollars in the Targeted
Industry Categories Reported by DoD

Fiscal Year	Total	Small Business	Percent to Small Business
1999	\$17,556,405,000	\$871,844,000	5.0
2000	\$13,984,848,000	\$768,818,000	5.5

In conclusion, the significant increases in small business TIC awards by the civilian agencies offset the DoD declines. Thus, in FY 2000 the participating agencies improved upon their small business TIC awards in terms of the overall number of TIC goals achieved, the dollar amount to small business, and the share to small business.

CHAPTER 5

CONCLUSIONS

Small business participation under the Program during FY 2000 generally improved in several areas. Most agencies met the small business participation goal and recorded small to moderate increases in small business participation. Thus, the use of small business set-aside contracting during FY 2000 will be limited mainly to the A&E Services industry.

The declines in the level of emerging small business participation and the number of agencies meeting the 15 percent emerging small participation goal during FY 2000 contrast with the gains in small business participation. The agencies generally have more difficulty in achieving the participation goal for emerging small businesses than in achieving the participation goal for small business. The results for FY 2000 indicate that the agencies need to closely monitor their contract awards to emerging small businesses and to take actions to encourage greater involvement by emerging small businesses in bidding on contracts, especially if they report further declines for FY 2001.

The agencies made impressive increases in the level of small business participation and the number of TIC goals met during FY 2000. These results are even more impressive considering the lower amount of total contract awards in the TICs. The percent of contract dollars awarded to small businesses in the TICs was 10.8 percent in FY 2000, an increase of 2.4 percentage points over the 8.4 percent of contract dollars awarded in FY 1999. Goals were met in 54 of the 100 targeted industry categories, an increase of 9 goals from FY 1999. The agencies have increased small business participation by two percentage points or more over the last three years. Greater attention by the agencies to those TICs in which goals have not been achieved will help continue this trend into FY 2001.

The overall decrease in A&E Services for the past two fiscal years in both small and emerging small business participation is the most serious problem in the Program. The participating agencies need to increase their efforts on this DIG to increase participation rates. For example, agencies should try to avoid structuring requirements of their A&E Services contracts to exceed the capabilities of small and emerging small businesses. Also, SBA and OFPP might give consideration to increasing the A&E Services emerging small business reserve threshold above the current \$50,000 level if participation continues to be low.

APPENDICES

- A. Tables for Agency Contract Dollars by Designated Industry Group
- B. Tables for Agency Actions by Designated Industry Group
- C. Tables of Targeted Industry Categories as Selected by Participating Agencies
- D. Final Policy Directive
- E. Federal Acquisition Regulation Interim Rule—North American Industry Classification System

For copies of the appendices, contact the Office of Size Standards for a printed copy of this Report at 409 3rd St., SW, Washington, DC 20416, telephone 202.205.6616, or email sizestandards@sba.gov.